



DEPARTMENT OF
ECOLOGY
State of Washington

Rulemaking: CCA Funds Reporting

Public Meeting V

November 30, 2023

Ecology Staff

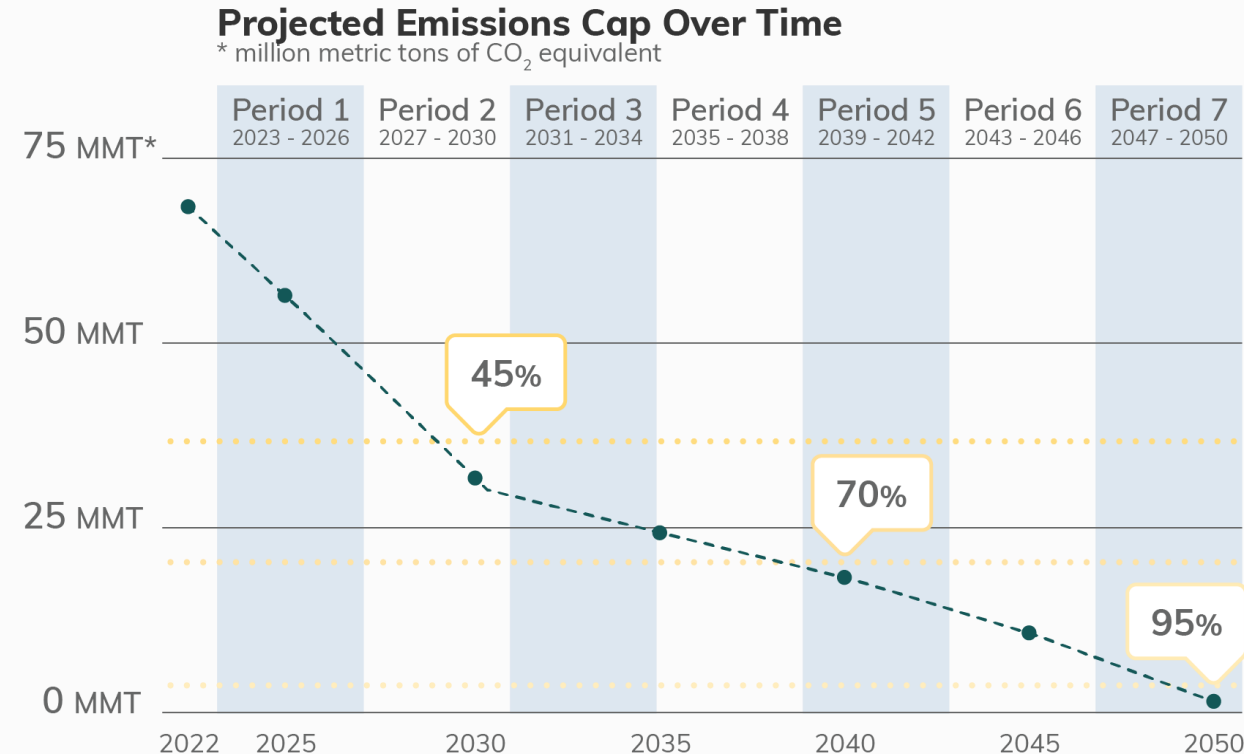
- Nick Bourgault: Host
- Harrison Ashby: Rule Lead
- Joshua Grice: Manager, Policy and Planning Section
- Cristina Steward: Budget Manager, Climate Pollution Reduction Program
- Erica Cross: Zoom Support, Budget Analyst
- Nikki Harris: Environmental Planner, Notetaker

Overview

- 1** Rulemaking overview
- 2** Rule language & input
- 3** Wrap up

Cap-and-Invest Background

- Established by Climate Commitment Act (2021)
- Sets a limit on the state's overall carbon emissions
- Cap is reduced over time to ensure emissions reduction commitments are met
- Requires businesses to obtain allowances equal to their covered greenhouse gas emissions
- Allowances can be obtained through quarterly auctions hosted by Ecology, or bought and sold on a secondary market



Auction Revenue

- Total state proceeds from auctions: ~\$1.276 billion
- Legislative appropriations
 - 2023-2025: 35 agencies



Climate Commitment Act Accounts

- Carbon Emissions Reduction Account
 - Climate Active Transportation Account
 - Climate Transit Programs Account
- Climate Investment Account
 - Climate Commitment Account
 - Natural Climate Solutions Account
- Air Quality and Health Disparities Improvement Account



Environmental Justice Spending

Spending requirements:

- 35-40% must benefit vulnerable populations in overburdened communities
- 10% must be formally supported by Tribal resolution

RCW 70A.65.030 and 70A.65.230

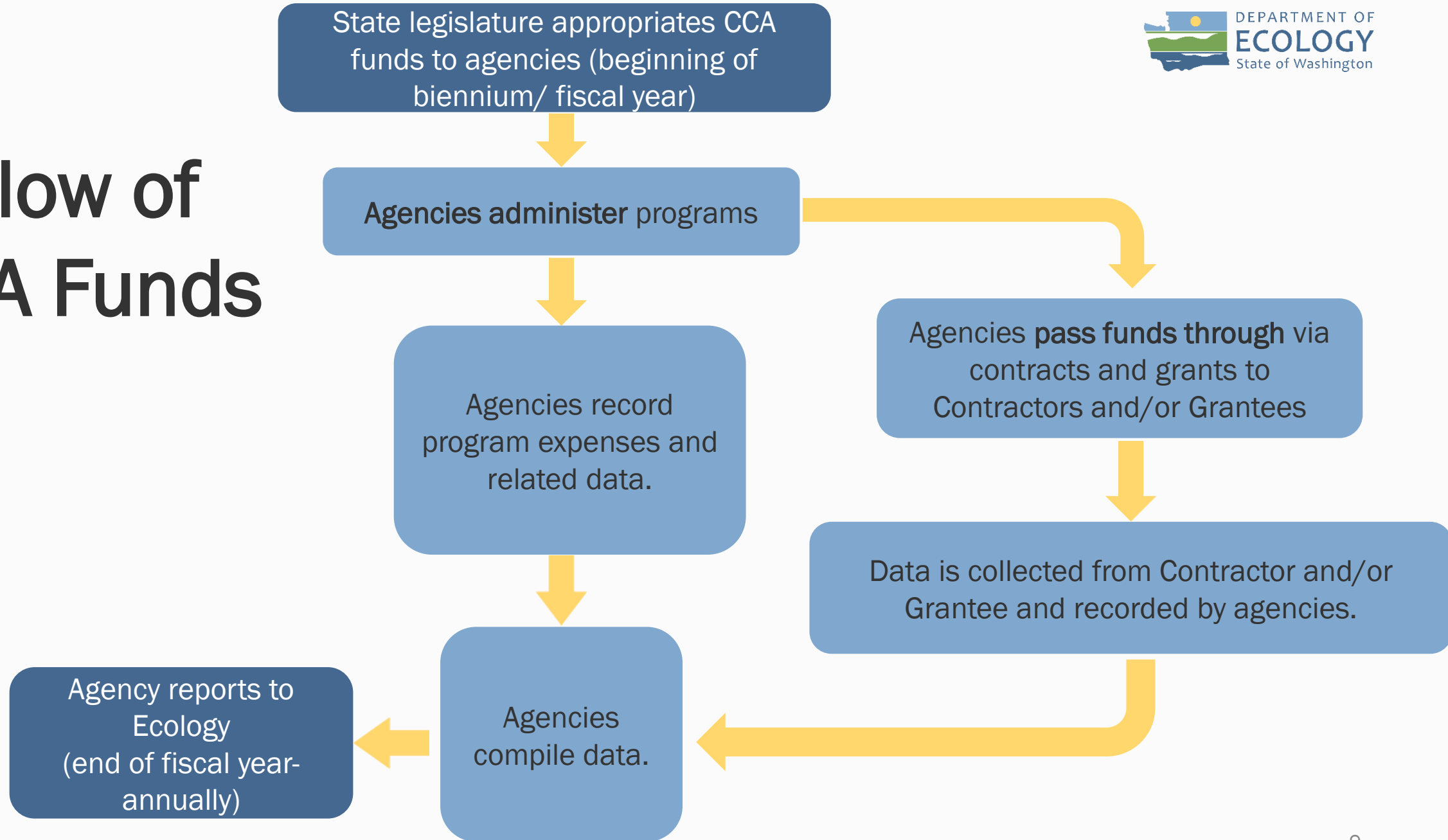


Annual Report and Rulemaking

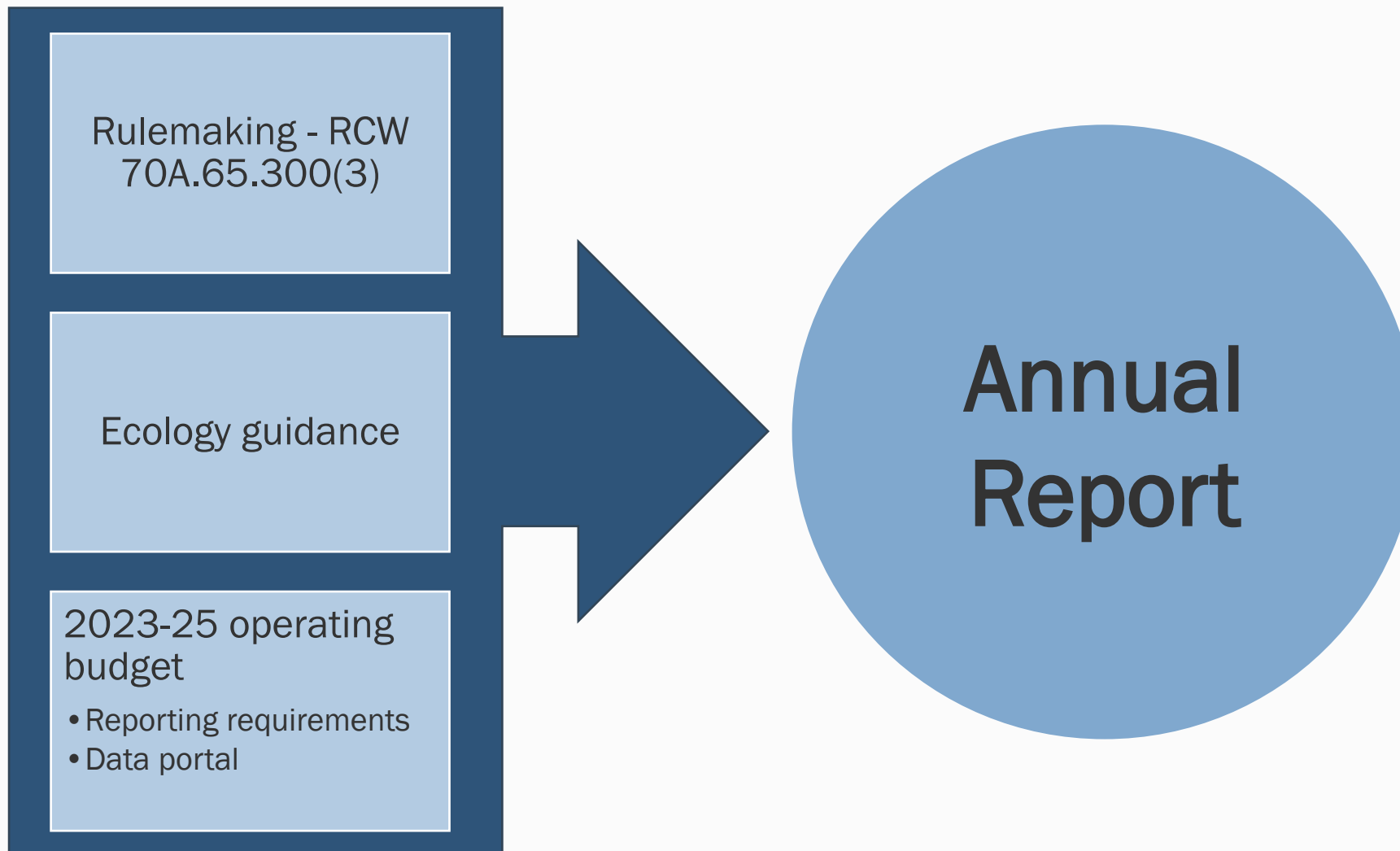
- The Climate Commitment Act (CCA) requires Ecology to report to the Legislature annually on spending from CCA accounts.
- The 2023 Operating Budget clarified that, starting in 2024, the report must include information related to spending on projects that:
 - benefit vulnerable populations in overburdened communities.
 - are formally supported by Tribal resolution.
- The CCA also requires Ecology to do a rulemaking to set reporting requirements for recipients of auction revenue.



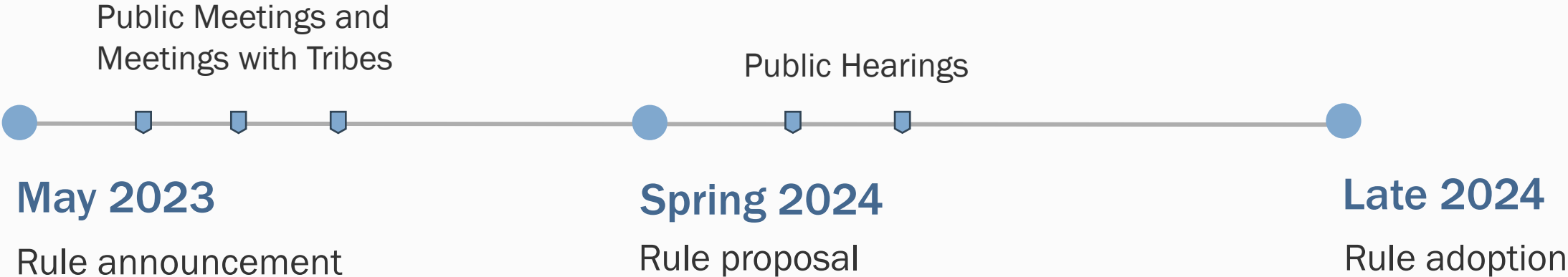
Flow of CCA Funds



Related Processes for Reporting on CCA Funds



Rulemaking Timeline



Other Opportunities to Provide Input

Introduction and initial input

- June 2023-August 2023



Seek input on key questions

- August 2023-September 2023



Review draft rule language

- November 2023-December 2023



Hearings (formal engagement)

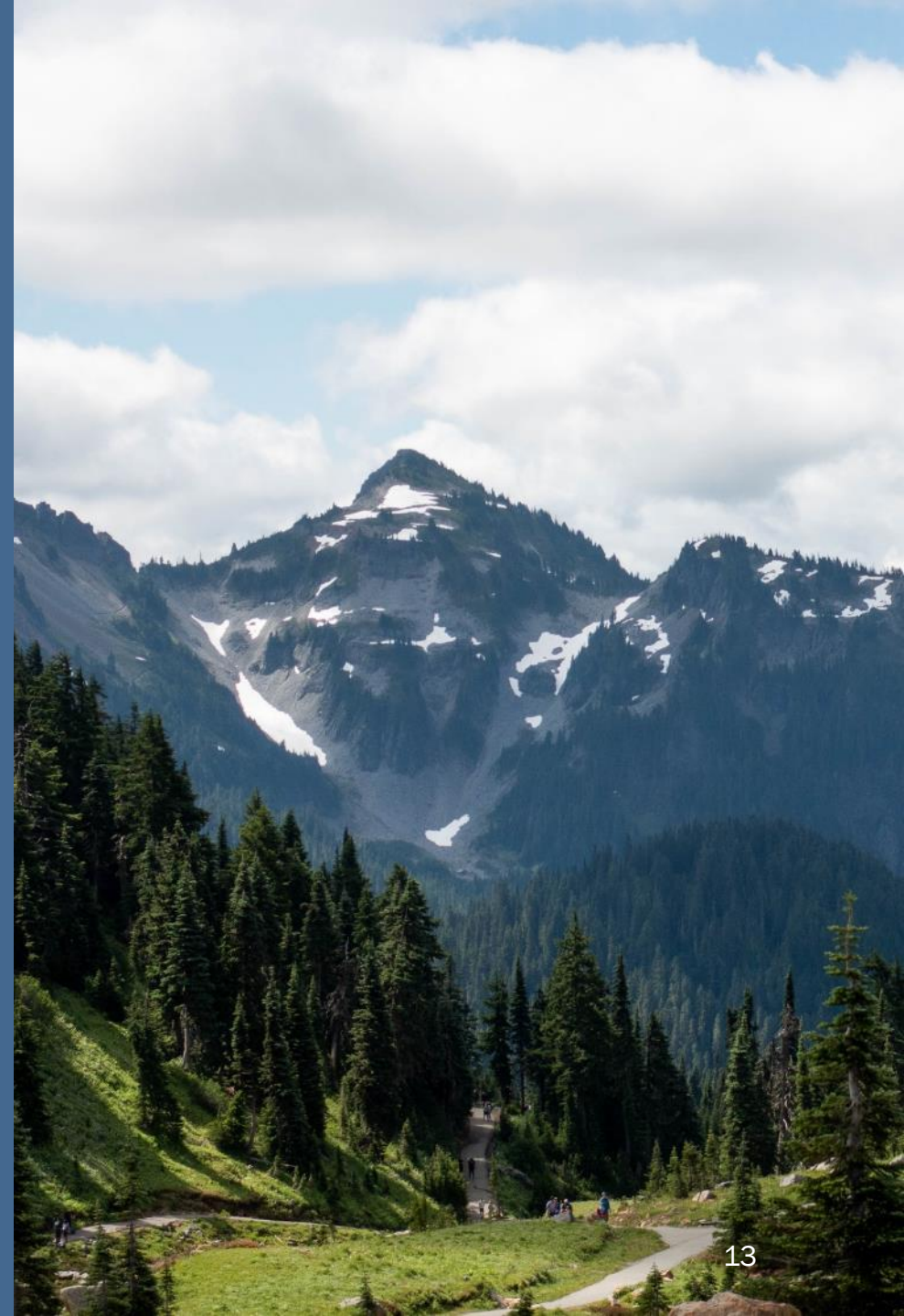
- After Spring 2024 rule proposal

Upcoming Meeting Date:
• December 5, 2023





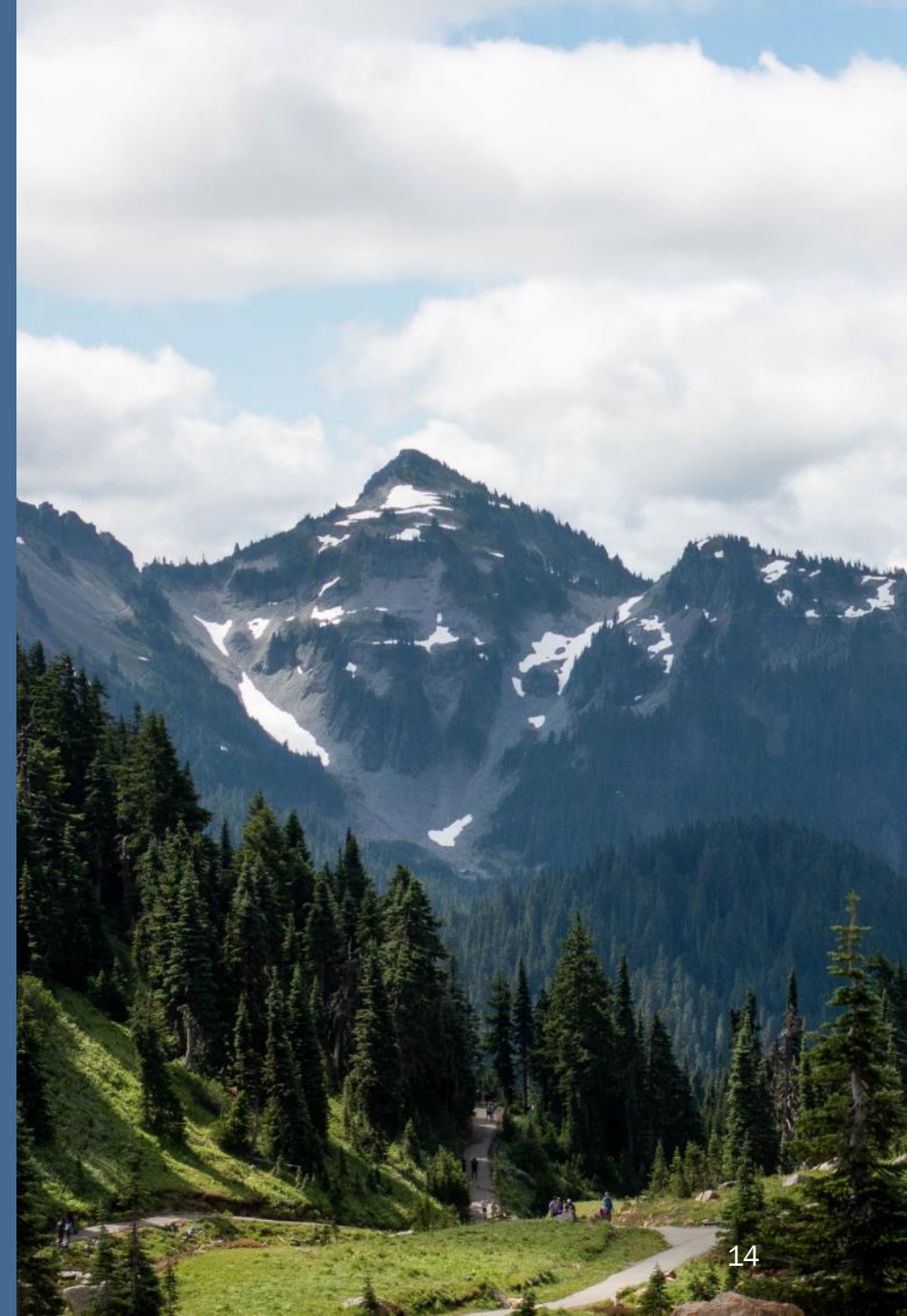
Q&A





Overview of Draft Rule Language Reporting Structure

Relevant Rule Sections:
173-446B-010
173-446B-060



Definitions- Recipient and Sub-recipient

173-446B-020 What definitions apply to terms used in this chapter?

(7) “Recipient” means the state agency or other entity that received an appropriation of funding from one of the climate commitment act accounts, irrespective of whether the state agency or other entity subsequently provides any of the funding to a third party.

(8) “Sub-recipient” means a third party that received pass through funding from a recipient. Sub-recipients are not directly subject to the requirements of this rule, but recipients may include reporting requirements in their contracts with sub-recipients to assist the recipients in complying with reporting obligations.

Definitions- Appropriation and Expenditure

173-446B-020 What definitions apply to terms used in this chapter?

(1) “Appropriation” means a single line-item of funding provided by the Washington State Legislature to a state agency or other entity, as set forth in an enacted operating, capital, or transportation budget, where such funding is distributed from one of the Climate Commitment Act accounts.

(4) “Expenditure” means the actual end result or use of funds received through an appropriation of funding from one of the Climate Commitment Act accounts. A single appropriation may be used by a recipient to fund multiple distinct expenditures.

Reporting Structure Applicability

Appropriation-Level Reporting

- Required for each single line item of funding, irrespective of whether the funding was passed through or was spent directly by the agency
- ex. Climate Plus Grants for Schools (Department of Health)
- ex. Legal Staff (ELUHO)

Grant- or Contract-Level Reporting

- Required for each expenditure that is carried out by an entity that is not the recipient (a sub-recipient, or pass through entity)
- ex. each of the Climate Plus Grants for Schools

Categories of Reporting

Appropriation-Level Reporting

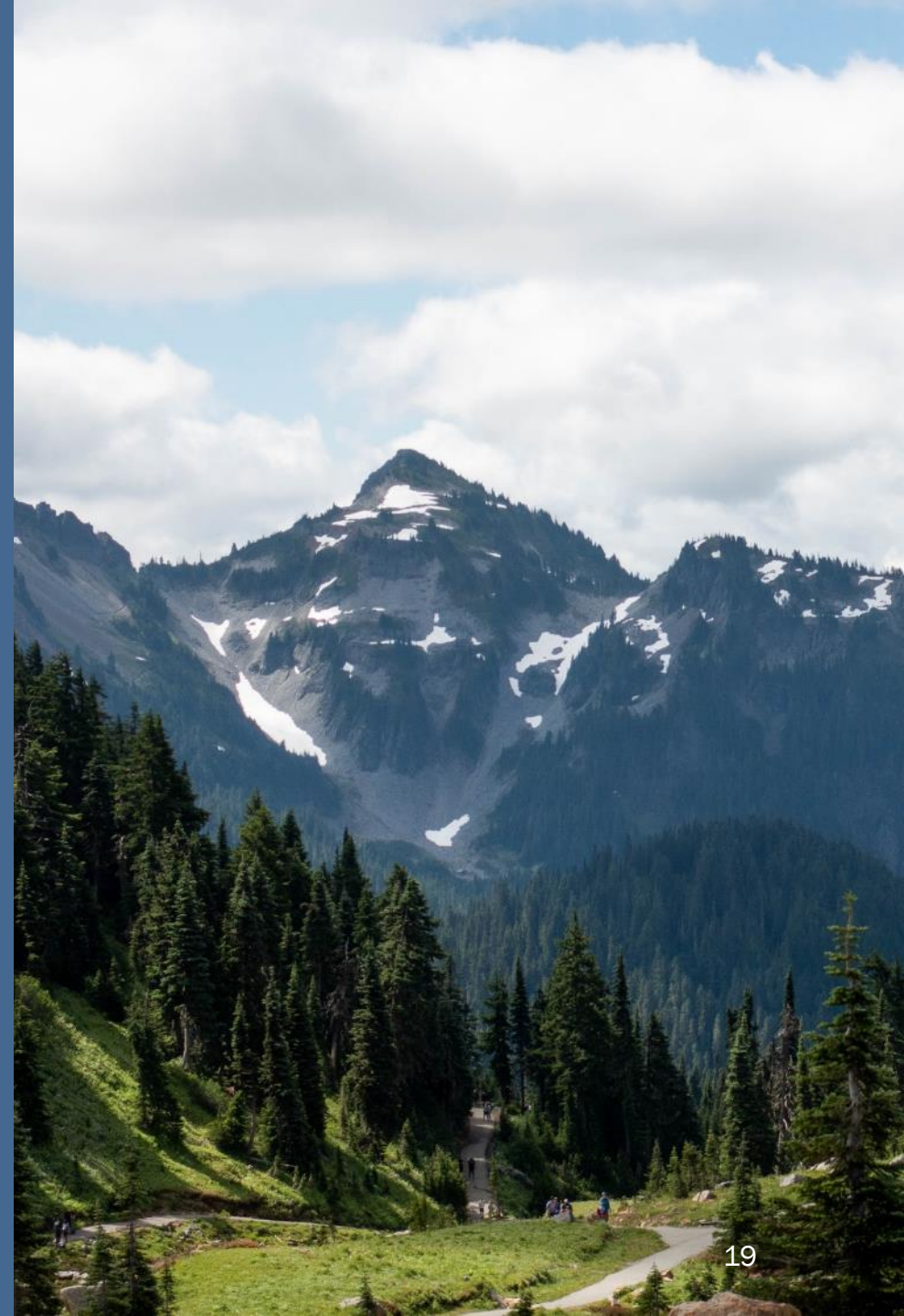
- Budgetary
- Environmental justice
(overburdened communities and Tribal resolutions)
- Greenhouse gas emissions reduction

Grant- or Contract-Level Reporting

- Budgetary
- Environmental justice
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- Greenhouse gas emissions reduction

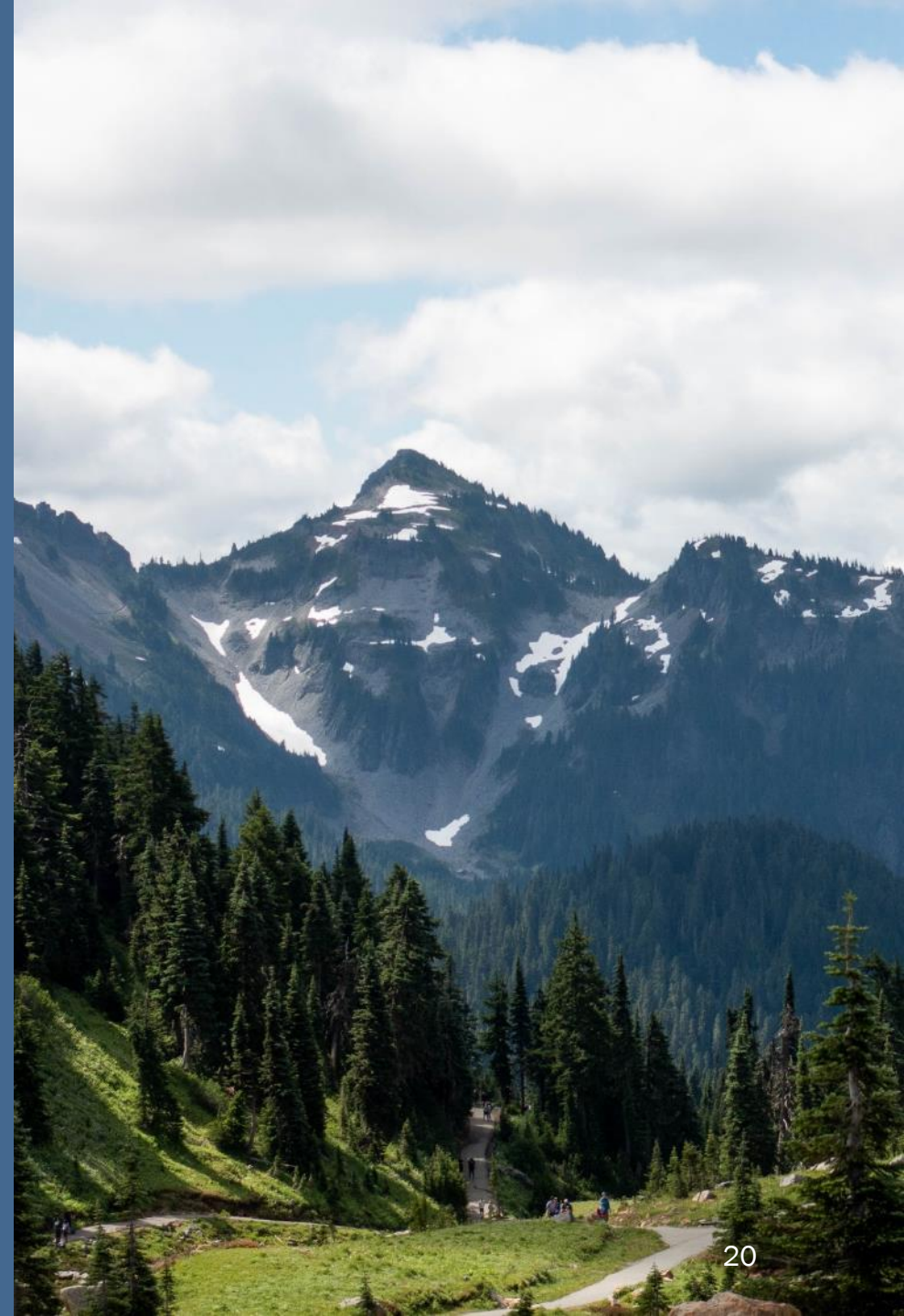


Questions or Feedback





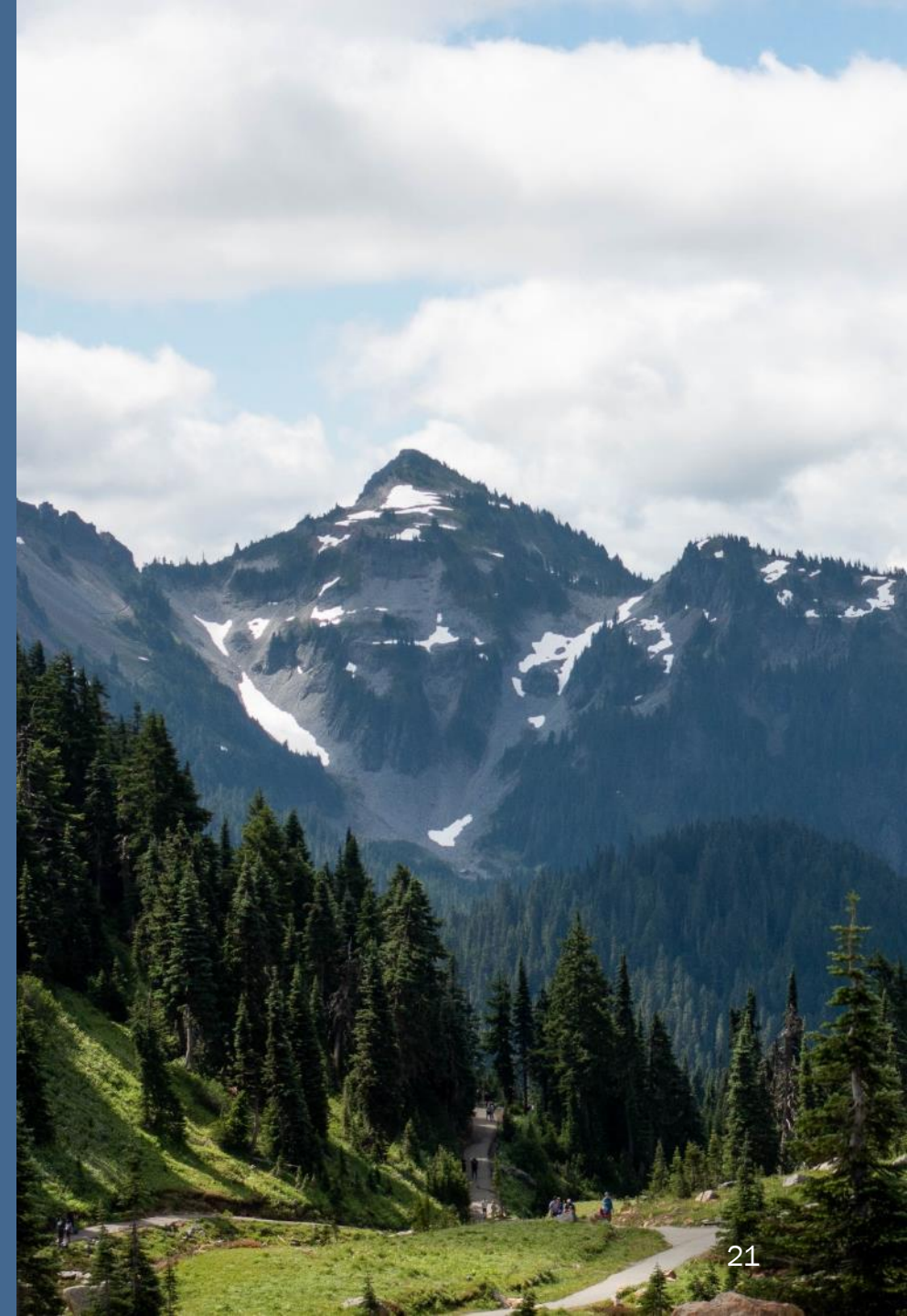
10-minute break





Overview of Draft Rule Language Budgetary Reporting Requirements

Relevant Rule Section:
173-446B-060



Appropriation-Level Reporting

173-446B-060 What information are recipients required to provide to Ecology?

- 1) For each appropriation, recipients must answer the following questions:
 - a) What is the appropriation title?
 - b) What is the purpose of the appropriation?
 - c) How much total funding did the legislature provide from CCA accounts for this appropriation?
 - d) From which CCA account(s) was the funding appropriated?
 - e) What percentage of the funding identified in (c) was used by the recipient for administrative purposes?
 - f) How much of the appropriation was expended?
 - g) Did the expenditure funded by this appropriation receive funding from sources other than CCA accounts?
 - i. If so, what were the sources and how much funding was provided by each source?



Grant- or Contract-Level Reporting

173-446B-060 What information are recipients required to provide to Ecology?

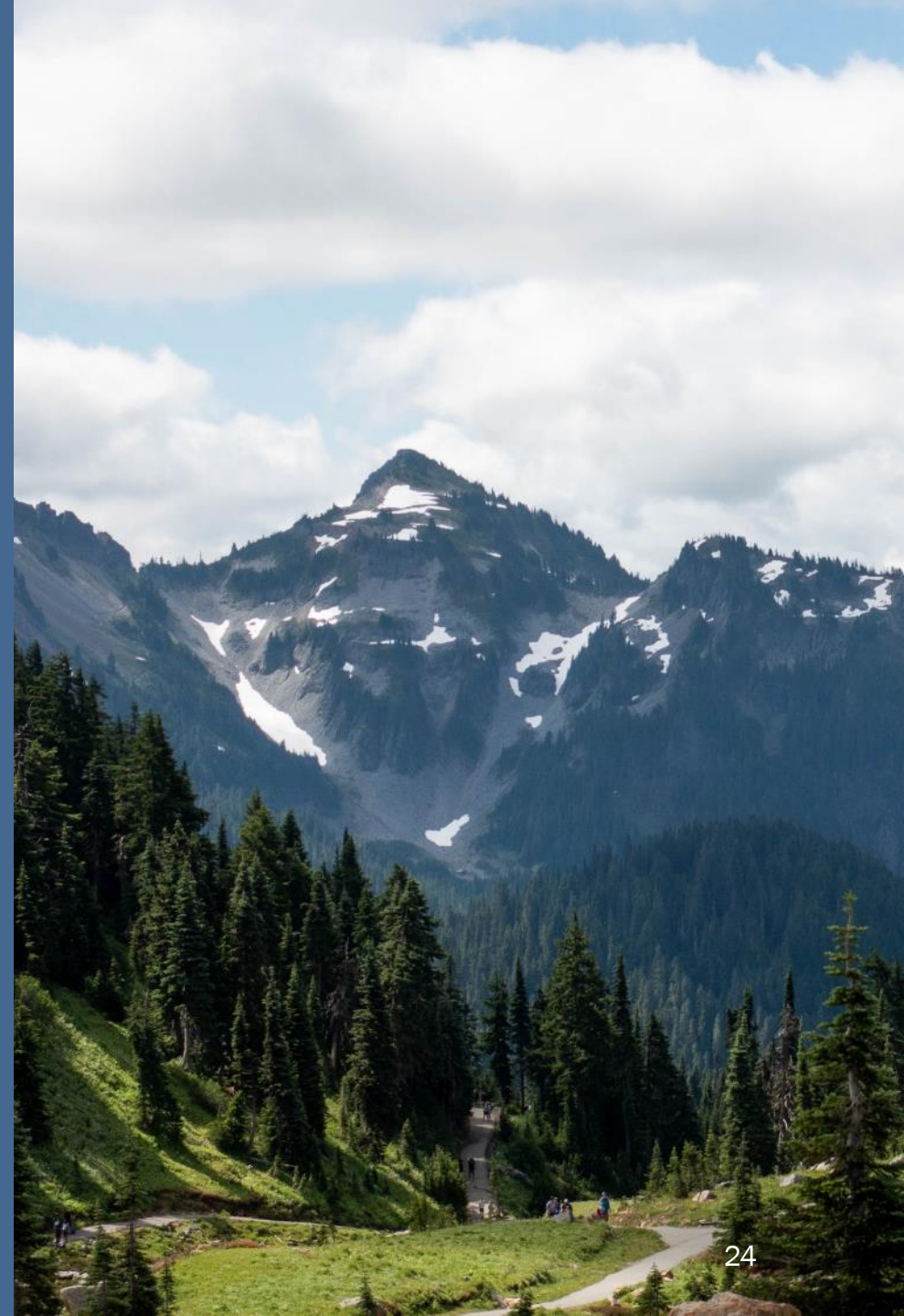
(2) Recipients that pass funding through to a sub-recipient must also provide the following information for each grant or contract.

- a) What appropriation title is the grant or contract funded by?
- b) What is the title of the grant or contract?
- c) What is the purpose of the grant or contract?
- d) What is the geographic location of the grant or contract?
- e) What is the status of the grant or contract?
- f) How much of the appropriation's funding is allocated to this grant or contract?
- g) If this grant or contract was administered by an entity other than the recipient, what is the name of that entity?
- h) Did the activity funded through this grant or contract receive funding from sources other than CCA accounts?
 - i. If so, what were the sources and how much funding was provided by each source?





Questions or Feedback





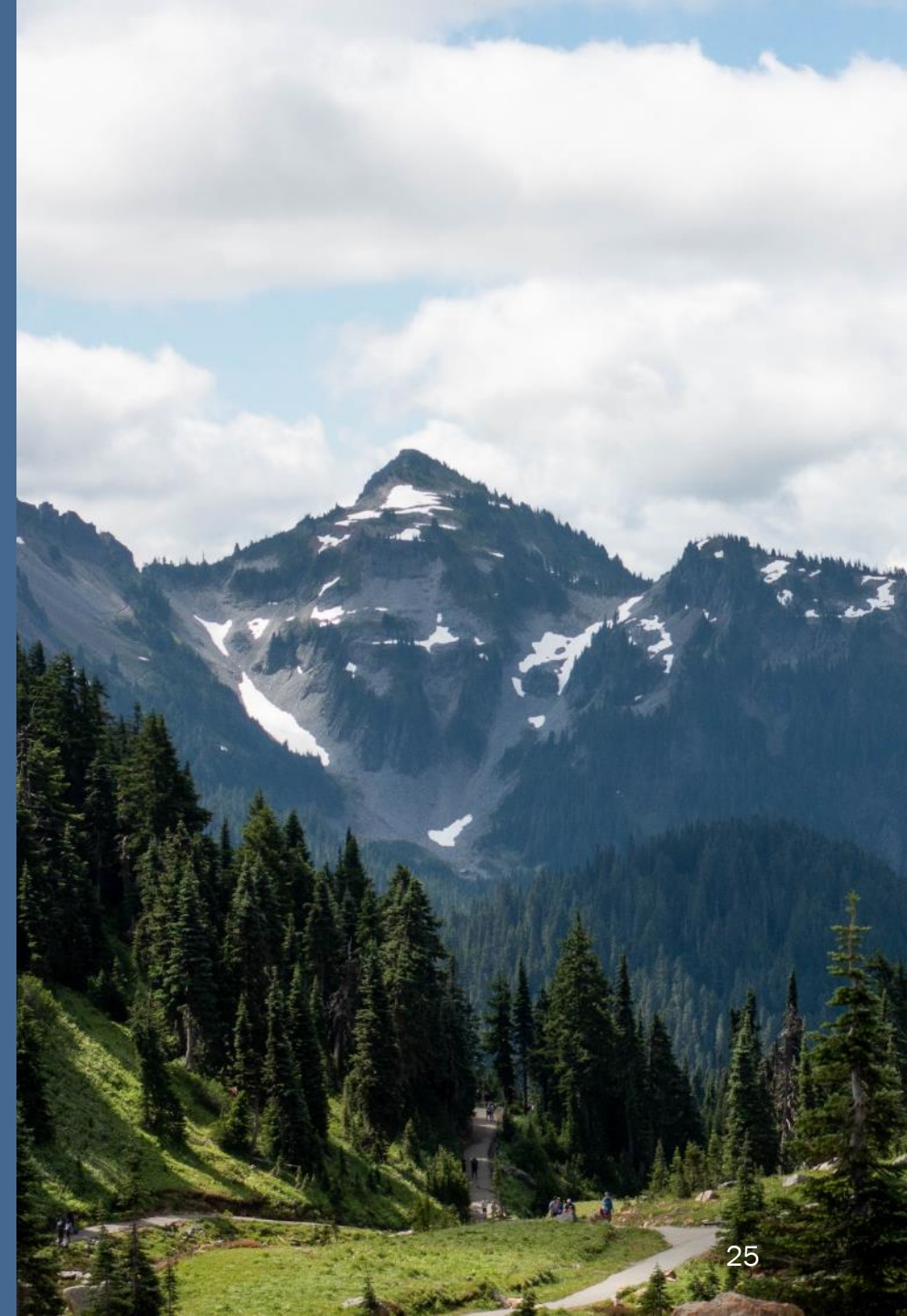
Overview of Draft Rule Language

Tribal Resolution and OBC
Reporting Requirements

Relevant Rule Sections:

173-446B-010

173-446B-060



Definitions- Direct and Meaningful Benefits

173-446B-020 What definitions apply to terms used in this chapter?

(3) “Direct and meaningful benefits” means benefits that are achieved through:

- a. the direct reduction of environmental burdens in overburdened communities;
- b. the reduction of disproportionate, cumulative risk from environmental burdens, including those associated with climate change;
- c. the support of community led project development, planning, and participation costs; or
- d. meeting a community need identified by the community that is consistent with the intent of Chapter 70A.65 RCW or RCW 70A.02.010.

Definition- Overburdened Community

173-446B-020 What definitions apply to terms used in this chapter?

(6)(a) "Overburdened community" means a geographic area where vulnerable populations face combined, multiple environmental harms and health impacts or risks due to exposure to environmental pollutants or contaminants through multiple pathways, which may result in significant disparate adverse health outcomes or effects.

(b) "Overburdened community" includes, but is not limited to:

- i. Highly impacted communities as defined in RCW 19.405.020;
- ii. Communities located in census tracts that are fully or partially on "Indian country" as defined in 18 U.S.C. Sec. 1151; and
- iii. Populations, including Native Americans or immigrant populations, who may be exposed to environmental contaminants and pollutants outside of the geographic area in which they reside based on the populations' use of traditional or cultural foods and practices, such as the use of resources, access to which is protected under treaty rights in ceded areas, when those exposures in conjunction with other exposures may result in disproportionately greater risks, including risks of certain cancers or other adverse health effects and outcomes.

Definition- Vulnerable Populations

173-446B-020 What definitions apply to terms used in this chapter?

(9) (a) "Vulnerable populations" means population groups that are more likely to be at higher risk for poor health outcomes in response to environmental harms, due to:

- i. Adverse socioeconomic factors, such as unemployment, high housing and transportation costs relative to income, limited access to nutritious food and adequate health care, linguistic isolation, and other factors that negatively affect health outcomes and increase vulnerability to the effects of environmental harms; and
- ii. Sensitivity factors, such as low birth weight and higher rates of hospitalization.

(b) "Vulnerable populations" includes, but is not limited to:

- i. Racial or ethnic minorities;
- ii. Low-income populations;
- iii. Populations disproportionately impacted by environmental harms; and
- iv. Populations of workers experiencing environmental harms.

Appropriation-Level Reporting

173-446B-060 What information are recipients required to provide to Ecology?

h) Did the expenditure provide direct and meaningful benefits to vulnerable populations within the boundaries of an overburdened community, as defined in 173-446B-020?

- i. If so, what benefits were provided?
- ii. If so, how were members of vulnerable populations involved in determining and measuring the benefits?
- iii. If so, what geographic location was impacted by the expenditure?



Appropriation-Level Reporting

173-446B-060 What information are recipients required to provide to Ecology?

- i) Was the expenditure formally supported by a Tribal resolution?
 - i. If so, which Tribe or Tribes formally supported the expenditure by resolution?
- j) For expenditures that do not provide direct and meaningful benefits to vulnerable populations in overburdened communities and are not formally supported by a Tribal resolution, what were the challenges or barriers to implementing the expenditure in a way that would have satisfied these criteria?



Grant- or Contract-Level Reporting

173-446B-060 What information are recipients required to provide to Ecology?

- i) Did this grant or contract provide direct and meaningful benefits to vulnerable populations within the boundaries of an overburdened community?
 - i. If so, what benefits were provided?
 - ii. If so, how were members of vulnerable populations involved in determining and measuring the benefits?
 - iii. If so, what geographic location was impacted by the grant or contract?



Grant- or Contract-Level Reporting

173-446B-060 What information are recipients required to provide to Ecology?

j) Was this grant or contract formally supported by a Tribal resolution?

i. If so, which Tribe or Tribes supported the grant or contract by resolution?

k) For grants and contracts that do not provide direct and meaningful benefits to vulnerable populations in overburdened communities and are not formally supported by a Tribal resolution, what were the challenges or barriers to implementing the expenditure in a way that would have satisfied these criteria?



Agency Environmental Justice Reporting

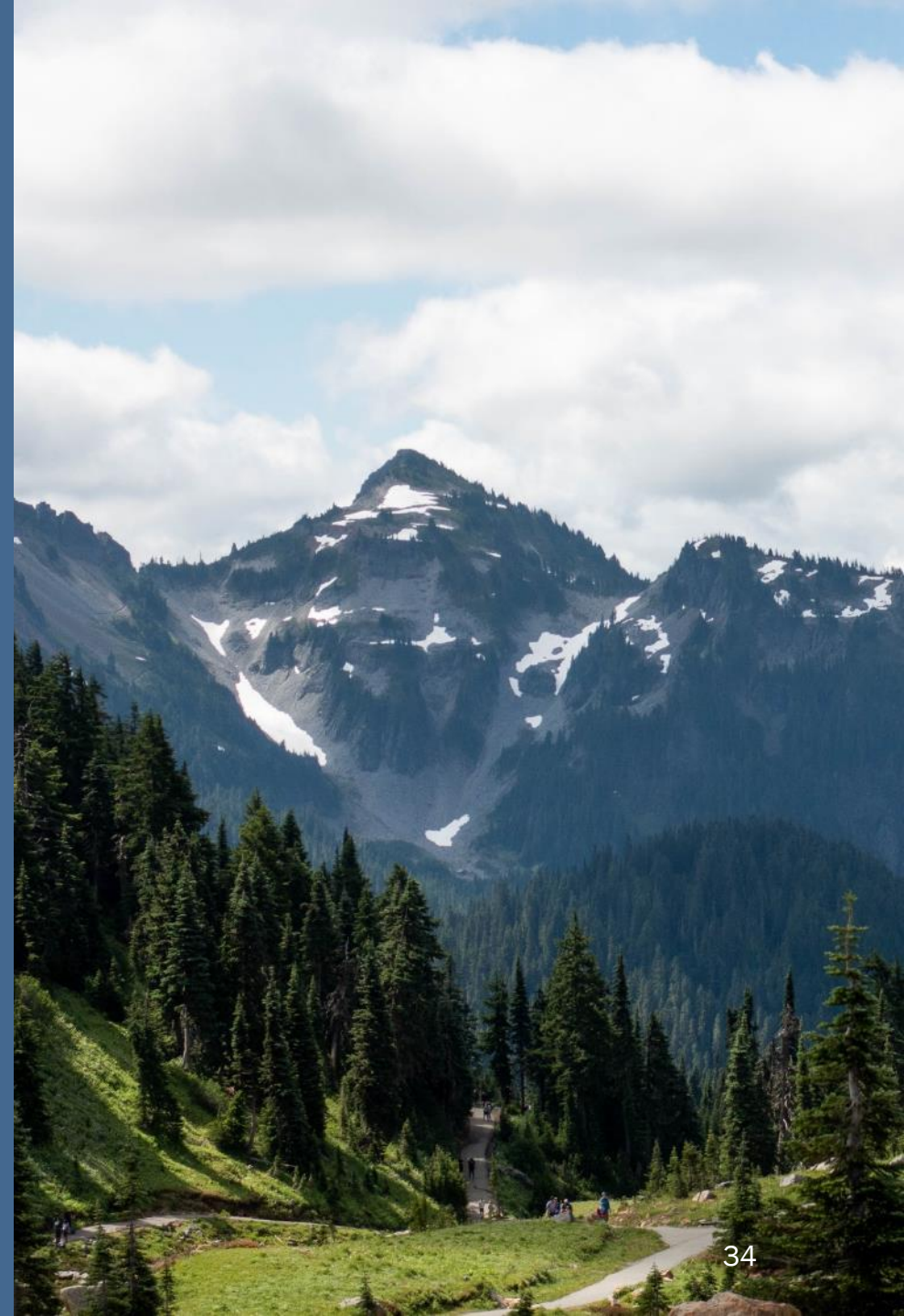
173-446B-060 What information are recipients required to provide to Ecology?

(3) Recipients reporting on grants, contracts, or other expenditures that provide direct and meaningful benefits to vulnerable populations within the boundaries of overburdened communities must provide the following additional information:

- a. Describe the process(es) and/or method(s) (including data sources and/or mapping tools) by which overburdened communities and vulnerable populations were identified by the recipient.
- b. Provide an explanation of the outcomes of the identification process(es) described in subsection (3)(a) of this section.
- c. Provide the geographic boundaries of overburdened communities identified by the recipient.



Questions or Feedback





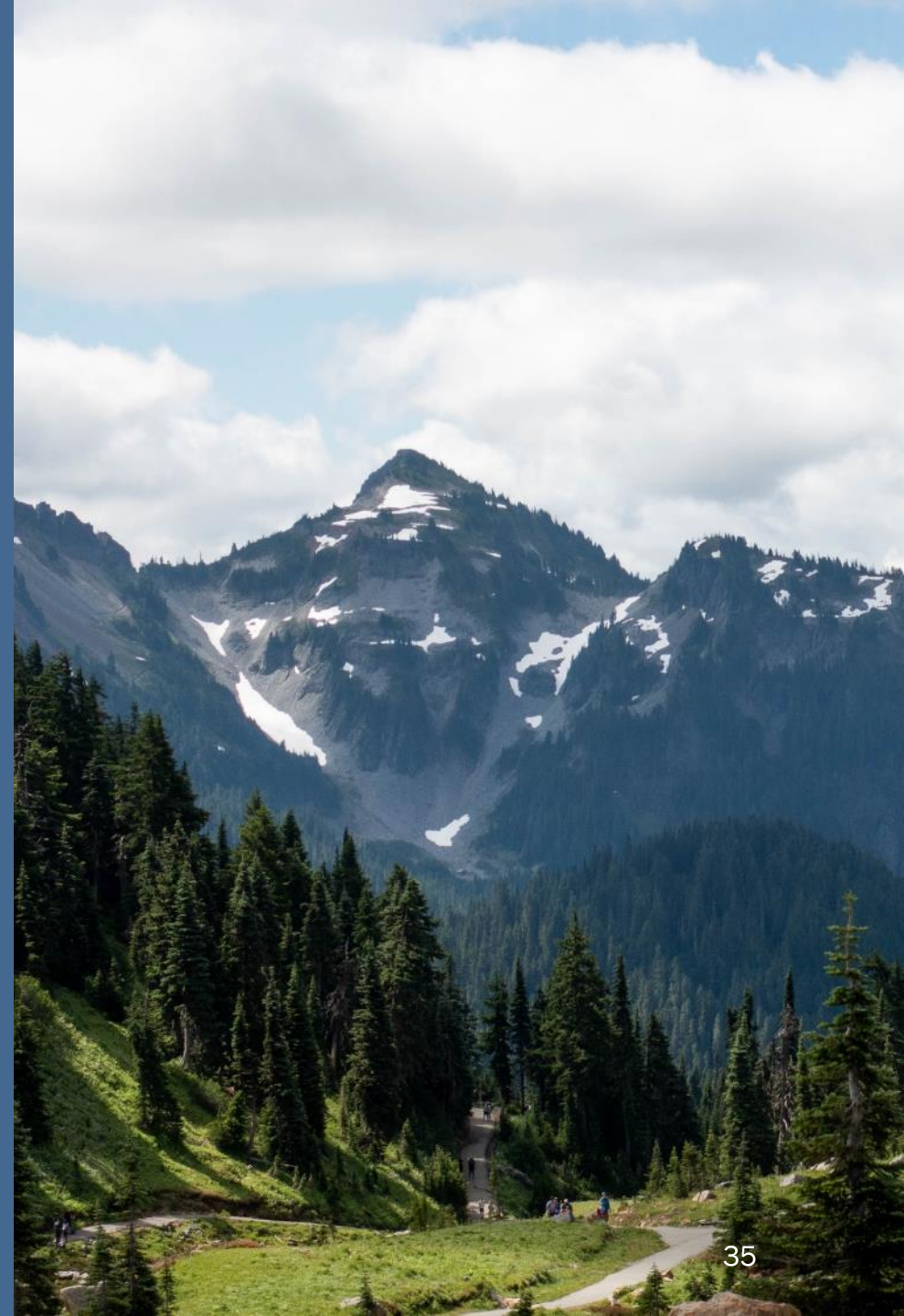
Overview of Draft Rule Language Greenhouse Gas Emissions Reporting Requirements

Relevant Rule Sections:

173-446B-050

173-446B-060

173-446B-070



Reporting on Emissions Reductions

173-446B-050 For which expenditures must recipients report whether the funding produced any verifiable reduction in greenhouse gas emissions or other long-term impact to emissions?

(1) If an expenditure results in a reduction of greenhouse gas emissions that can be quantified using a methodology and calculator tool approved by Ecology, as described in 173-446B-070, a recipient must report whether the funding produced any verifiable reduction in greenhouse gas emissions or other long-term impact to emissions.



Reporting on Emissions Reductions

(2) Expenditures that are not required to report whether the funding produced any verifiable reduction in greenhouse gas emissions may include, but are not limited to, those that involve only:

- i. Building awareness in or educating a community.
- ii. Clean energy workforce development.
- iii. Climate resiliency projects.
- iv. Conducting outreach in communities.
- v. Conducting research.
- vi. Creating plans for future activities.
- vii. Enhancing a recipient's or other entities capacity to fulfill its mission.
- viii. Enhancing or maintaining emergency response systems or procedures.
- ix. Hiring of agency staff.
- x. Providing technical assistance.
- xi. Training new employees, sharing knowledge among staff, or building employees' skills.

(3) Recipients may consult with Ecology in determining whether reporting on verifiable emissions reductions is required for a particular expenditure.

Appropriation-Level Reporting

173-446B-060 What information are recipients required to provide to Ecology?

k) Did this expenditure produce any verifiable reduction in greenhouse gas emissions or other long-term impact to emissions, as defined in WAC 173-446B-050?

- i. If so, what is the projected quantity of reduced greenhouse gas emissions (carbon dioxide equivalent) for the expenditure?
- ii. If so, what is the cost per carbon dioxide equivalent metric ton of greenhouse gas reduced?



Grant- or Contract-Level Reporting

173-446B-060 What information are recipients required to provide to Ecology?

- I) Did this grant or contract produce any verifiable reduction in greenhouse gas emissions or other long-term impact to emissions, as defined in WAC 173-446B-050?
 - i. If so, what is the projected quantity of reduced greenhouse gas emissions (carbon dioxide equivalent) for the grant or contract?
 - ii. If so, what is the cost per carbon dioxide equivalent metric ton of greenhouse gas reduced?



Methods for Calculating Emissions Reductions

173-446B-070 How will Ecology specify methods for recipients to calculate emissions reductions from expenditures that produce verifiable reductions in greenhouse gas emissions or other long-term impact(s) to emissions?

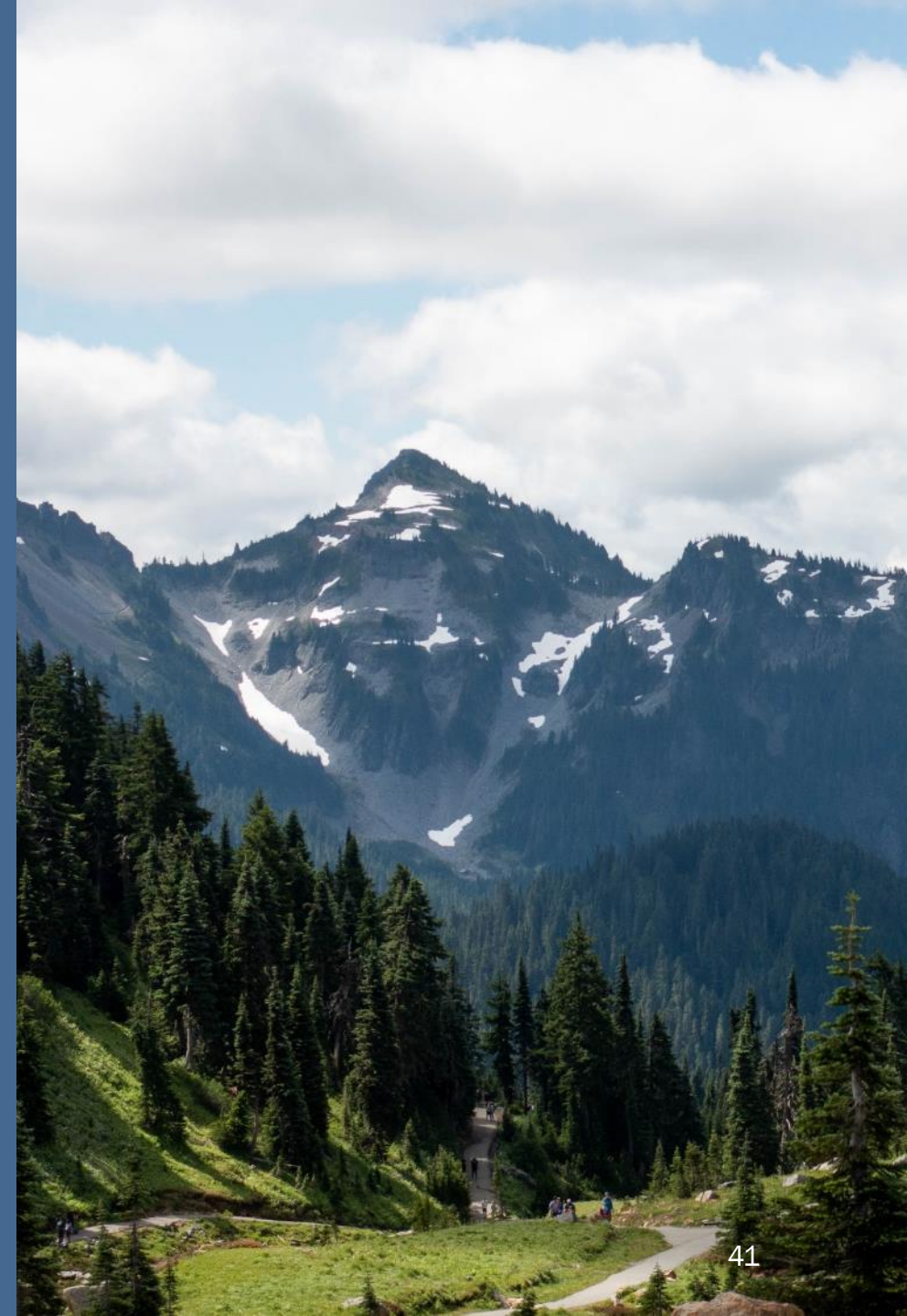
(1) For each expenditure that produced verifiable reductions in greenhouse gas emissions or other long-term impact(s) to emissions, Ecology will, in consultation with the recipient, either:

- a. Identify the appropriate California Air Resources Board methodology and calculator tool for use in calculating emissions reductions, and adapt the inputs used in the methodology and calculator tool as needed to be appropriate for use in Washington;
- b. Adapt a CARB methodology and calculator tool to make it appropriate;
- c. Develop its own methodology; or
- d. Locate a methodology from another source that is of the same or better quality than methods provided by the California Air Resources Board.

(2) Ecology will approve methodologies and calculator tools and post them on its website for use by recipients for the purposes described in this section.



Questions or Feedback





Overview of Draft Rule Language

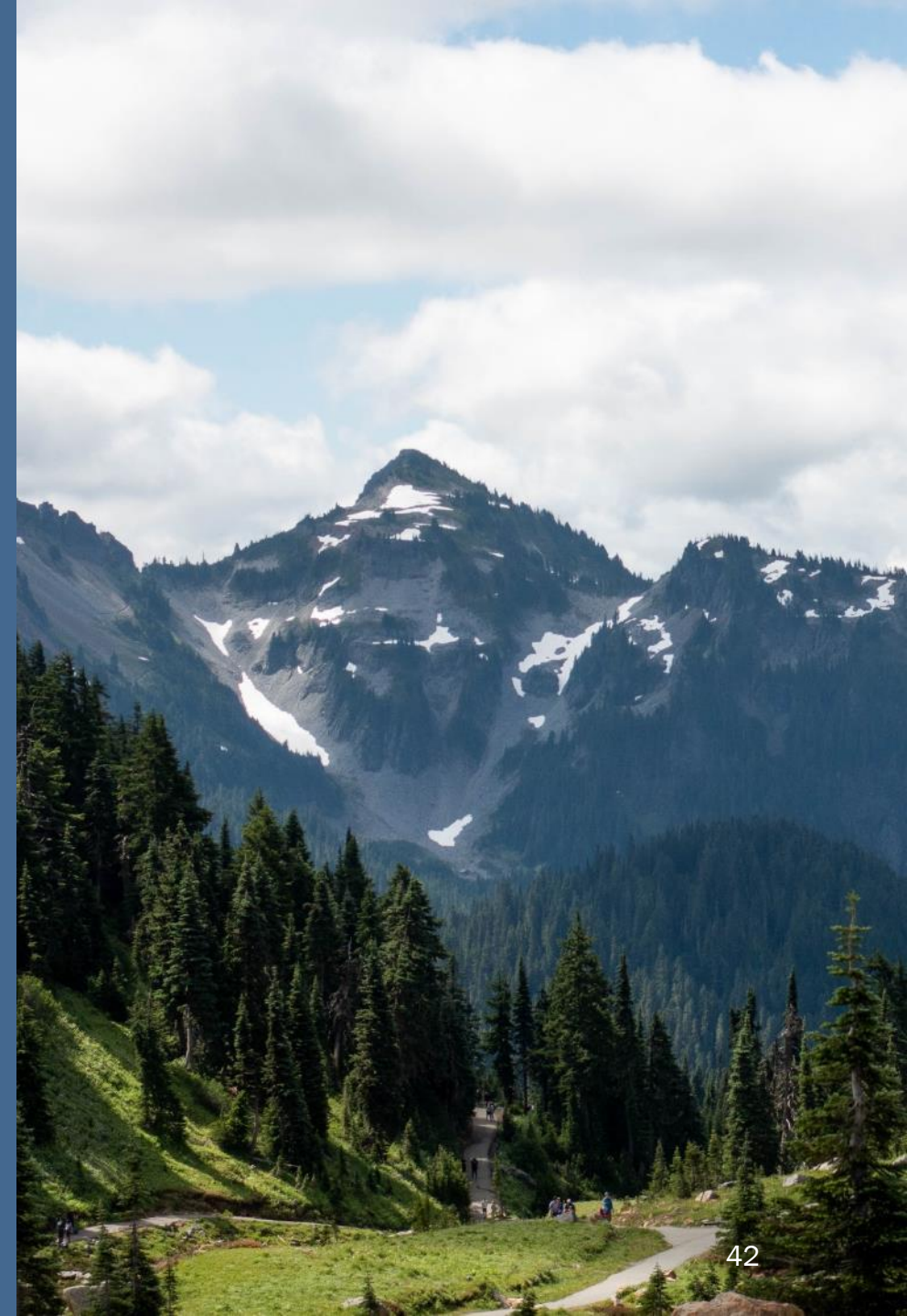
Additional Topics

Relevant Rule Sections:

173-446B-030

173-446B-040

173-446B-060



Reporting Methods and Deadlines

173-446B-030 How must recipients provide their data to Ecology?

By June 30 of each year, Ecology will notify recipients of the method by which they must submit their data for the following fiscal year.

173-446B-040 When must funding recipients provide their data to Ecology?

By June 30 of each year, Ecology will notify recipients of the date by which they must submit their data for the following fiscal year.



Climate Investment Account- Jobs Reporting

173-446B-060 What information are recipients required to provide to Ecology?

(5) Recipients funding grants and contracts with appropriations from the Climate Investment Account established in RCW 70A.65.250 must provide any available data related to the quantity and quality of jobs, apprenticeships, and/or internships created, if any, as a result of the expenditure(s) funded by the appropriation.



Ongoing Reporting

173-446B-060 What information are recipients required to provide to Ecology?

(4) If a recipient conducts ongoing tracking or monitoring for an expenditure included in prior annual reports, such as receiving periodic status reports, the recipient shall provide a summary of this information to Ecology in each subsequent annual report until such tracking or monitoring ends. This information must include:

- a. An explanation of whether the expenditure has been implemented as planned.
- b. Any changes to previously reported reductions of GHG emissions.
- c. Any changes to previously reported direct and meaningful benefits to vulnerable populations in overburdened communities.

Protecting Sensitive Cultural Information

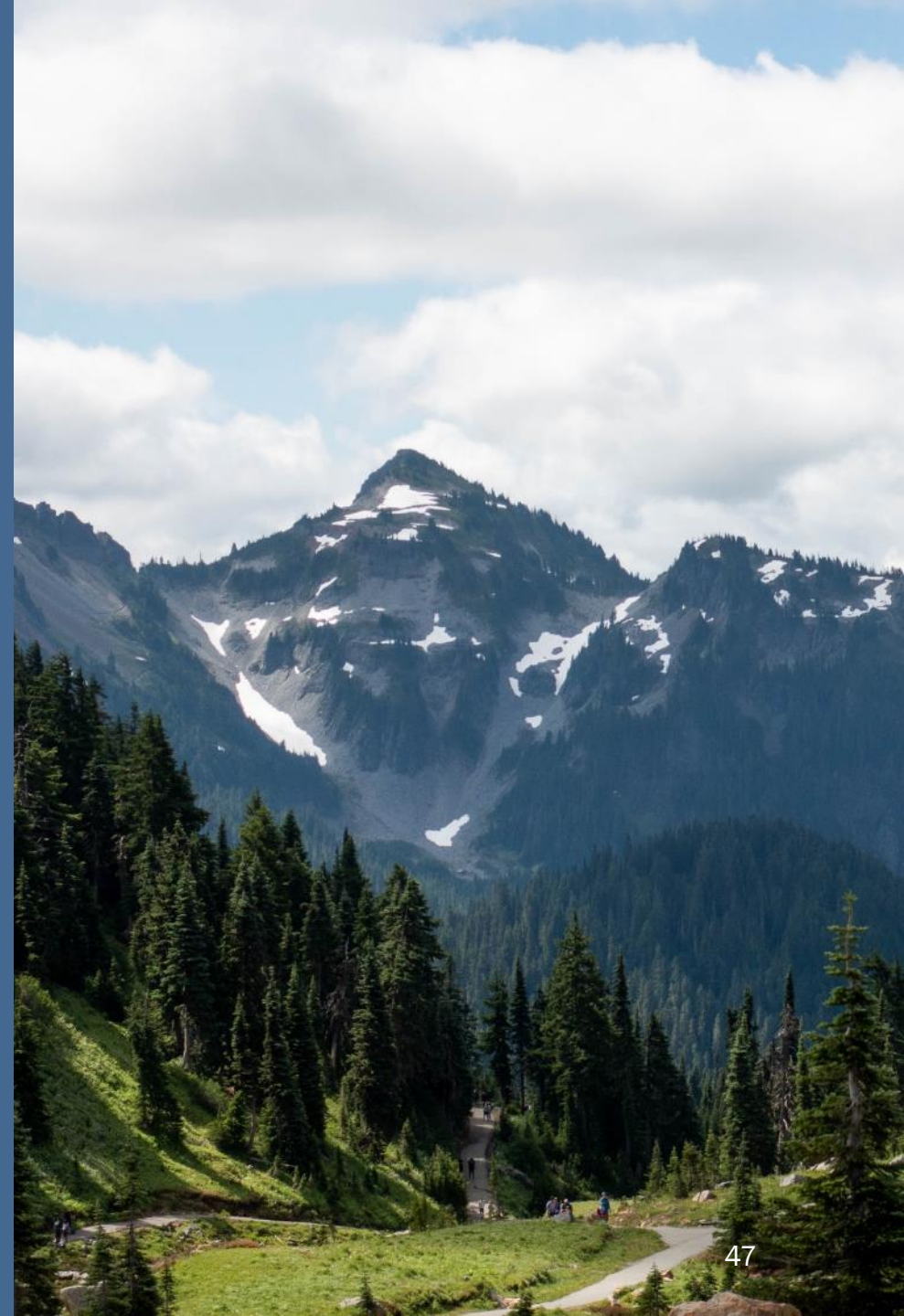
173-446B-060 What information are recipients required to provide to Ecology?

(6) In cases where the sub-recipient is a Tribe, the recipient may not require the sub-recipient to provide the recipient with information that the sub-recipient deems to be culturally sensitive.





Questions or Feedback



Online comment

- Share your written feedback on draft rule language
- <https://aq.ecology.commentinput.com?id=JcP9YAEFW>
- Open 11/15/23–12/19/23

Next steps

Comment Online

- November 15 – December 19, 2023

Final Public Meeting

- December 5, 2023

Public Hearings

- Spring 2024

**Stay
Informed**

Rule Lead

Harrison Ashby

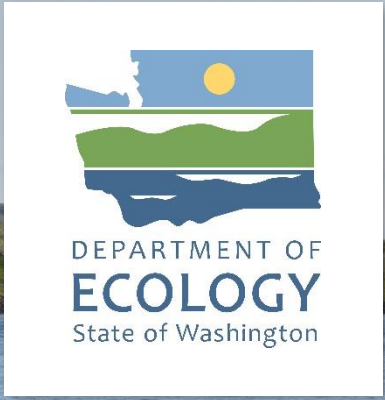
harrison.ashby@ecy.wa.gov

Rulemaking webpage:

<https://ecology.wa.gov/Regulations-Permits/Laws-rules-rulemaking/Rulemaking/WAC-173-446B>

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https://public.govdelivery.com/accounts/WAECY/subscriber/new?topic_id=WAECY_285



Thank you